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*Testimony of Mr. Stephen H. Epstein, CPA
House Committee on Regulatory Reform
Senate Bill 1091*

Mr. Chairman and members of the Committee:

As John stated, my name is Steve Epstein. In addition to the information he provided, I am a retired partner with PricewaterhouseCoopers and I am here today on behalf of the 18,000 members of the MACPA to encourage your support of Senate Bill 1091.

Given the Committee's work on this very section of Michigan Law in recent years, I am sure you know that current law states that no person or firm shall engage in the business of professional investigator without a license from the Michigan Department of Energy, Labor & Economic Growth (DELEG). A person who violates the law is guilty of a felony and is subject to imprisonment and/or monetary fines.

A professional investigator is defined as one who engages in the business of, among many other things, investigating crimes, securing evidence or *performing computer forensics* to be used as evidence before a court, board, officer, or investigating committee.

The law provides an exemption for CPAs, beginning with the text, "*A certified public accountant acting within the scope of his or her licensed professional practice...*" The language in this exemption is an implied reference to the definition of the practice of public accounting, contained in Article 7 of the Michigan *Occupational Code* (MCL 339.720).

Although legislation is under development to amend the *Occupational Code*, the definition of the practice of public accounting currently does not include specific reference to engagements such as forensic accounting and fraud examination services. Therefore, given the implied reference as described above, it could be interpreted that engagements such as fraud examination and forensic accounting services would require a PI license.

Further, many of these types of services are performed by individuals on the consulting-side of CPA firms, often not licensed CPAs. Additionally, CPA candidates and young associates within firms may be working on such engagements, always under the supervision of licensees.

The proposed broadening of the exemption provided for the public accounting industry in Senate Bill 1091 ensures clarification insofar as PI licensing requirements and we encourage your support.

John and/or I would be happy to answer any of your questions.